GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:262
ANSWERED ON:11.08.2006
INDIAN BANKS ABROAD
Singh Shri Sitaram

Will the Minister of FINANCE be pleased to state:

(a) the broad parameters regarding granting of permission for Indian banks to open overseas branches ;

(b) whether certain countries are not permitting some Indian banks to set up their branches there ;

(c) if so, the names of such countries ;

(d) whether such countries have branches of their banks in India ;

(e) if so, the reasons for permitting these countries to set up their branches in India;and

(f) the steps proposed to be taken to facilitate setting up of branches of Indian banks in these countries ?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI P. CHIDAMBARAM)

(a) to (f) : A statement is laid on the Table of the House.

STATEMENT FOR LOK SABHA STARRED QUESTION NO.262 FOR 11th AUGUST, 2006 REGARDING INDIAN BANKS ABROAD TABLED BY SHRI SIT ARAM SINGH

(a) Indian banks are allowed to open branches and set up subsidiaries / joint ventures abroad based on certain prudential parameters such as Capital to Risk Weighted Asset Ratio (CRAR), Net Non-Performing Assets (NPAs) etc. and also their overall ability to withstand international competition.

(b)to(f) : Some Indian Banks have reported difficulties in opening their offices abroad because of certain regulatory requirements of the host regulators. As and when the Indian banks report difficulties faced by them in opening their branches/offices abroad, efforts are made to resolve the issues through bilateral consultations.The Reserve Bank of India also examines applications of foreign banks opening branches / offices in India in accordance with its policy guidelines and regulatory requirements and authorizations are issued in consultation with the Government.